



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 09–1, California State Income Tax Withholding

Date: February 6, 2009

To: Holders of TAXES (State of California only)
Personnel User Groups
T&A Contact Points in California

Beginning with wages paid for Pay Period 5, the National Finance Center (NFC) will make the following changes to the state of California income tax withholdings:

- The low income exemption amount for Married with zero (0) or 1 allowance and Single will increase from \$11,630 to \$12,226.
- The low income exemption amount for Married with 2 or more allowances and Head of Household will increase from \$23,259 to \$24,452.
- The standard deduction for Married with zero (0) or 1 allowance and Single will increase from \$3,516 to \$3,692.
- The standard deduction for Married with 2 or more allowances and Head of Household will increase from \$7,032 to \$7,384.
- The Single, Married, and Head of Household withholding tables will change.
- The annual personal exemption tax credit will increase from \$94 to \$99.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504–255–4630**.

JOHN S. WHITE, Acting Director
Government Employees Services Division

California State Income Tax Information

State Abbreviation:	CA
State Tax Withholding State Code:	06
Acceptable Exemption Form:	DE-4 or W-4
Basis For Withholding:	State or Federal Exemptions
Acceptable Exemption Data:	S, M, H / Number of Regular Allowances / Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number Of Allowances Claimed field as follows: First Position – Enter the employee's marital status indicated on the allowance certificate. Enter M (married), S (single), or H (head of household). Second and Third Positions – Enter the total number of regular allowances claimed in Item 1 of the DE-4. If less than 10, precede with a zero. If no exemptions are claimed, enter 00. Determine the Additional Exemptions Claimed field as follows: First and Second Positions – Enter the number of allowances claimed in Item 2 of the DE-4. If less than 10, precede with a zero. If no allowances are claimed, enter 00.
Additional Information:	If the employee is using a W-4 in lieu of the California state DE-4, the information for the Additional Exemptions Claimed field should be noted on the W-4.

Withholding Formula ►(Effective Pay Period 5, 2009)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine if the employee's gross annual wages are less than or equal to the amount shown in the Low Income Exemption Table below. If so, no income tax is to be withheld.

Low Income Exemption Table

Single		Married	Head of Household
	Exemptions	Annual Wages	
\$ ►12,226	0 or 1 ¹	\$ 12,226	\$ 24,452
	2 or more ¹	24,452◄	

¹ Number of **regular** allowances claimed on DE-4 or W-4

6. Determine the **additional withholding allowance for itemized deductions** (AWAID) by applying the following guideline and subtract this amount from the gross annual wages.
AWAID = \$1,000 x Number of **Itemized** Allowances Claimed for **Itemized** Deductions on DE-4 or W-4.

7. Subtract the standard deduction shown in the following table from the result of step 6 to determine the taxable income.

Standard Deduction Table

Single	Exemptions	Married Annual Wages	Head of Household
\$ ▶3,692	0 or 1 ¹	\$ 3,692	\$ 7,384
	2 or more ¹	7,384◀	

¹ Number of **regular** allowances claimed on DE-4 or W-4

8. Apply the taxable income computed in step 7 to the following table to determine the annual California income tax withholding.

**Tax Withholding Table
Single**

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶7,168	\$ 0.00	plus	1.0%	\$ 0
7,168	16,994	▶71.68	plus	2.0%	7,168
16,994	26,821	268.20	plus	4.0%	16,994
26,821	37,233	661.28	plus	6.0%	26,821
37,233	47,055	1,286.00	plus	8.0%	37,233
47,055	1,000,000	2,071.76	plus	9.3%	47,055
1,000,000◀	and over	90,695.65	plus	10.3%	1,000,000◀

Married

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶14,336	\$ 0.00	plus	1.0%	\$ 0
14,336	33,988	▶143.36	plus	2.0%	14,336
33,988	53,642	536.40	plus	4.0%	33,988
53,642	74,466	1,322.56	plus	6.0%	53,642
74,466	94,110	2,572.00	plus	8.0%	74,466
94,110	1,000,000	4,143.52	plus	9.3%	94,110
1,000,000◀	and over	88,391.29	plus	10.3%	1,000,000◀

Head of Household

If the Amount of
Taxable Income Is:

The Amount of California
Tax Withholding Should Be:

Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ▶14,345	\$ 0.00	plus 1.0%	\$ 0	
14,345	33,989	▶143.45	plus 2.0%	14,345	
33,989	43,814	536.33	plus 4.0%	33,989	
43,814	54,225	929.33	plus 6.0%	43,814	
54,225	64,050	1,553.99	plus 8.0%	54,225	
64,050	1,000,000	2,339.99	plus 9.3%	64,050	
1,000,000◀	and over	89,383.34	plus 10.3%	1,000,000◀	

9. Determine the tax credit by applying the following guideline and subtract this amount from the result of step 8.

Tax Credit = ▶\$99◀ x Number of **Regular** Allowances Claimed on DE-4 or W-4

10. Divide the annual California income tax withholding by 26 to obtain the biweekly California income tax withholding.